

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

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FM AMEMBASSY HELSINKI

TO SECSTATE WASHDC 7478

INFO AMEMBASSY MOSCOW

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E.O.: 11652: N/A

TAGS: ETRD, FI, UR

SUBJECT: FINNISH/SOVIET PULP TRADE

REF: MOSCOW 7101

1. WE HAVE CHECKED RUMOR REPORTED IN REFTTEL THAT PULP SHIPMENTS ARE BEING DIVERTED FROM EUROPEAN MARKETS TO USSR TO HELP PAY FOR OIL AND HAVE LEARNED THAT IT IS WITHOUT FOUNDATION.

2. LAST YEAR, FINLAND EXPORTED 154,000 TONS OF PULP TO THE USSR, OF WHICH 91,000 DISSOLVING CELLULOSE FOR MANUFACTURE OF RAYON, ETC., AND SIZEABLE AMOUNTS OF REMAINDER SPECIAL HIGH-GRADE PULP FOR USE IN CAPACITORS AND CABLE INSULATION. 1974 EXCHANGE-OF-GOODS PROTOCOL NEGOTIATED AND SIGNED BEFORE RISES IN OIL PRICE PROVIDED FOR 95,000 - 100,000 TONS OF DISSOLVING GRADE AND FOR 53,000 TONS OF PAPER GRADE PULP. ACCORDING TO INSIDE SOURCE, DELIVERIES OF DISSOLVING CELLULOSE WILL COME TO 95,500 TONS THIS YEAR AND OTHER GRADES WILL TOTAL 53,000 FOR A CONTINUATION OF 1973 LEVEL.

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3. PULP SUPPLY AVAILABLE FOR EXPORT IS EXTREMELY TIGHT MAINLY DUE TO TWO OTHER FACTORS--DOMESTIC PAPER MILLS (WHICH RECEIVE PRIORITY) HAVE EXPANDED FASTER THAN PULPING CAPACITY, AND EXPORT ASSOCIATION IS USING 300,000 TONS FROM THIS YEAR'S PRODUCTION TO ELIMINATE AN OVERSOLD POSITION WHICH LAGGED OVER FROM 1973. DELIVERIES OUTSIDE OF EUROPE HAVE BEEN VIRTUALLY ELIMINATED AND DELIVERIES TO EUROPE REDUCED. USSR IS ONLY CUSTOMER NOT SUBJECT TO CUTBACKS.

4. ATTEMPTS TO RAISE PRICE OF PULP IN SOVIET TRADE THIS YEAR WERE MET BY THREATS TO INCREASE FURTHER PRICE TO FINLAND OF SOVIET CRUDE OIL MORE.

COMMENT: THE SOURCE OF THIS INFORMATION IS KNOWLEDGEABLE AND RELIABLE ON FINNISH PULP EXPORTS. IF EMB-MOSCOW SOURCE IS STILL AVAILABLE, WE WOULD APPRECIATE AN APPROPRIATE ENQUIRY REQUESTING MORE DETAILS OF THE ALLEGED ADDITIONAL DELIVERY FOR THE S.U.
KREHBIEL

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